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1 IN THE UNITED STATES DISTRICT COURT  
2 WESTERN DISTRICT OF OKLAHOMA  
3 CLARK A. WARD )  
4 individually, and  
5 CAW IMAGING, P.C., )  
6 an Oklahoma professional  
7 corporation, ) CASE NO.  
8 Plaintiffs, ) CIV-03-1564-F  
9 VS. )  
10 HEALTHSOUTH CORPORATION, ) DEPOSITION OF:  
11 a Delaware Corporation;  
12 DIAGNOSTIC HEALTH ) ROSA HOOPER  
13 CORPORATION, a Delaware  
14 Corporation; RICHARD. M. )  
15 SCRUSHY, an individual,  
16 )  
17 Defendants.  
18 )

13 S T I P U L A T I O N S

14 IT IS STIPULATED AND AGREED, by and  
15 between the parties through their  
16 respective counsel, that the deposition  
17 of:

18 ROSA HANDLEY HOOPER,  
19 may be taken before Carrie M. Robinson,  
20 Commissioner and Notary Public, State at  
21 Large, at the Law Offices of Balch &  
22 Bingham, on the 5th day of April, 2005,  
23 commencing at approximately 9:00 a.m.

EXHIBIT

tables

3

ORIGINAL

1 information that you have copies of there,  
2 we apparently -- my assumption was that  
3 we -- Mara gave that information to them to  
4 talk about HealthSouth.

5 Q Okay. And by that information,  
6 I'm looking at what has been produced as W  
7 864 through W 882. And just take a minute  
8 to look at that and see if that appears to  
9 be the type of documentation or marketing  
10 materials that would have been provided to  
11 potential sellers like MICO during the  
12 initial stages of negotiations.

13 A Yes.

14 Q Okay. And included in those  
15 materials and page Bates stamped as 897,  
16 there is information regarding financial  
17 results and projections, correct?

18 A Correct.

19 Q All right. And is it your  
20 understanding that these financial results  
21 and projections contained in these  
22 materials include the fraudulent accounting  
23 entries made by HealthSouth during this

1 time period?

2 A My understanding is that they  
3 would have.

4 Q And these documents were given  
5 to potential sellers like MICO and Dr. Ward  
6 for them to rely upon in making a  
7 determination of whether to sell and  
8 affiliate themselves with HealthSouth,  
9 true?

10 A Can you repeat the question?

11 Q You bet. See if I can do it a  
12 little better. The marketing materials and  
13 documents that we have been talking about  
14 here were given to potential sellers like  
15 MICO for them to rely upon in making a  
16 determination whether they wanted to sell  
17 to MICO -- I mean, to HealthSouth?

18 MR. STEWART: I am going to have  
19 to object to that question, too, because  
20 the intent behind giving the documents I'm  
21 not sure Rosa would be able to speak to.

22 MS. CASTLEBERRY: She's who you  
23 produced as the most knowledgeable.

1 Q So if you know, what is the  
2 purpose of providing a potential seller  
3 with information regarding financial  
4 results and projections?

5 A My understanding is that it  
6 would be just to give them -- all of that  
7 information is general information about  
8 HealthSouth.

9 Q And HealthSouth wants these  
10 potential sellers to rely on  
11 representations that HealthSouth has a  
12 strong financial net worth, true?

13 MR. STEWART: Object to that.  
14 It's the relying upon that I'm concerned  
15 about here. I don't think she can speak to  
16 the intent.

17 Q You can answer if you know.

18 A Again, my understanding is that  
19 we would give them this information to give  
20 them general information about HealthSouth.

21 Q And the general information that  
22 you give them is favorable to HealthSouth,  
23 is it not?

1 A I would say so.

2 Q You would hope so, wouldn't you?

3 A I wouldn't think we would give  
4 them anything otherwise.

5 Q Yeah. You wouldn't want to go  
6 to them and say, you know, we are about to  
7 go bankrupt but we want you to affiliate  
8 with us?

9 A Correct.

10 Q That wouldn't be a very good  
11 marketing tool, would it?

12 A No, it would not.

13 Q On the flip side, if you go to  
14 them and provide information such as is  
15 contained in Ward 897, Bates Stamp W 897,  
16 that is favorable financial information,  
17 correct?

18 A It is.

19 Q Okay. And we know that now to  
20 have been false, true?

21 A Correct.

22 Q Let me have you take a look at  
23 what has previously been produced in this

1 case as W 918 and ask you if you have seen  
2 that document before.

3 A I did see this in my review.

4 Q Okay. And, again, for the  
5 record, would you identify what that is?

6 A This is a March 21st, 1997,  
7 letter from Hal Truitt to Paula Fulton at  
8 MICO.

9 Q Okay. And, generally, what in a  
10 nutshell is the gist of that letter?

11 A It is the type of letter that we  
12 would have sent out following a cold call  
13 where we found some interest from a  
14 potential acquisition giving them general  
15 information about HealthSouth, their  
16 geographic coverage, their growth.

17 Q And, again, the information  
18 contained in that document is favorable  
19 information about HealthSouth, is it not?

20 A Yes, it is.

21 Q And it contains information  
22 regarding the financial wealth of  
23 HealthSouth, true?

1 A Correct.

2 Q Contains information about the  
3 optimistic projections concerning the  
4 growth of HealthSouth, true?

5 A Yes, it does.

6 Q Okay. And would you agree with  
7 me that the document, the letter -- the  
8 March '97 letter contains representations  
9 concerning HealthSouth's net worth that we  
10 now know to have been false?

11 A Yes, it does.

12 Q Okay.

13 A May we take a break?

14 Q You bet.

15 (Recess taken)

16 Q (By Ms. Castleberry) Ms. Hooper,  
17 let me hand you this binder again and have  
18 you take a look at what has been marked as  
19 W 922 through 940.

20 A Okay.

21 Q Take a minute to review that,  
22 and my question is the same: Does this  
23 appear to be the type of marketing

1 information that would have been given to a  
2 potential seller such as MICO during the  
3 initial negotiation periods?

4 A This is the type of information  
5 that may have been given. I do not know  
6 specifically what was given. I mean, this  
7 is public information. There's a press  
8 release and there's an analyst report from  
9 Merrill Lynch as the other things were. So  
10 I do not know specifically what was given,  
11 but these may have been.

12 Q Well, do you know what the  
13 general practice was of the marketing  
14 coordinators or marketing people when they  
15 made calls to potential sellers like MICO?

16 A Lecia Pate would be able to  
17 better answer that question for you because  
18 she was specifically involved in it.

19 Q Okay.

20 A This would not be unlike what we  
21 may have provided, but I don't know  
22 specifically what it was.

23 Q Even if it were not specifically

1 provided by a HealthSouth representative in  
2 person to Dr. Ward or other representatives  
3 of MICO, it was public information that  
4 HealthSouth put out for general  
5 consumption, true?

6 A The press releases were. The  
7 analyst reports would come from, like,  
8 Merrill Lynch, for instance. That would be  
9 available through Merrill Lynch.

10 Q Correct. But still available to  
11 the public at large, correct?

12 A Yes.

13 Q And this information again  
14 contains information very favorable to  
15 HealthSouth and its financial picture,  
16 correct?

17 A Yes, it does.

18 Q We now know that information to  
19 be false, correct?

20 A Correct.

21 Q Now, after the initial contacts,  
22 there were a number of proposals for the  
23 asset purchase. Is that your

1 accounting fraud. Is that your  
2 understanding?

3 A That is my understanding.

4 Q So then you don't know to what  
5 extent Mr. Scrushy, Mr. Owens, Mr. Livesay,  
6 Mr. Martin and others integrally involved  
7 in the accounting fraud were controlling  
8 the capital expenditures of HealthSouth, do  
9 you?

10 A I do not know. You asked for my  
11 opinion.

12 Q Right. But your opinion is  
13 not -- you do not have the benefit of the  
14 trial testimony and the guilty pleas to  
15 form your opinion, right?

16 A That's correct.

17 Q Okay. Would you agree that the  
18 sworn testimony of the individuals who have  
19 pled guilty to the fraud in describing the  
20 mechanics of the fraud and the level of  
21 control exercised by Scrushy would be a  
22 better basis upon which for us to analyze  
23 whether Mr. Scrushy had control or

1 exercised control over the types of capital  
2 expenditures such as the purchase of new  
3 MRI at MICO?

4 A Better than my opinion?

5 Q Yes, ma'am.

6 A Certainly.

7 Q The HS 2036 page is a wire  
8 transfer request for the acquisition of  
9 MICO; is that correct?

10 A That is correct.

11 Q Those funds came from  
12 HealthSouth, correct?

13 A That's correct.

14 Q Not DHC?

15 A That is correct.

16 Q Let me hand you what has been  
17 produced in this case as W 468 and let you  
18 take a look at that.

19 A Okay.

20 Q Have you seen that document  
21 before?

22 A I have, uh-huh.

23 Q Would you identify that for the